

Town of Simsbury

FY 2021/2022 MANAGER'S PROPOSED BUDGET

FEBRUARY 22, 2021

Budget Objectives

1. Maintain current services and programs
 - Adapt services to our current pandemic environment
 - Minimize tax increases given pandemic environment

2. Advance Board of Selectmen initiatives and priorities
 - Financial Management
 - Professional Development
 - Parks and Recreation
 - Infrastructure
 - Economic Development

Budget Objectives

3. Maintain and invest in existing assets and infrastructure
 - Focus on cash-to-capital for ongoing and routine capital needs
 - Build a six-year CNR technology plan
 - Refine capital budgeting based upon final results of the Parks and Open Space Master Plan and preliminary results of the Town's Facilities Master Plan

Budget Objectives

4. Strengthen our long-term financial stability
 - Maintain or increase Fund Balance
 - Maintain our Health Insurance Fund reserve at or above twelve weeks of expected claims
 - Maintain commitment to funding OPEB and pension liabilities
 - Analyze methodology for charges to funds outside of the General Fund to ensure appropriateness

FY 21/22 Budget Overview – General Fund

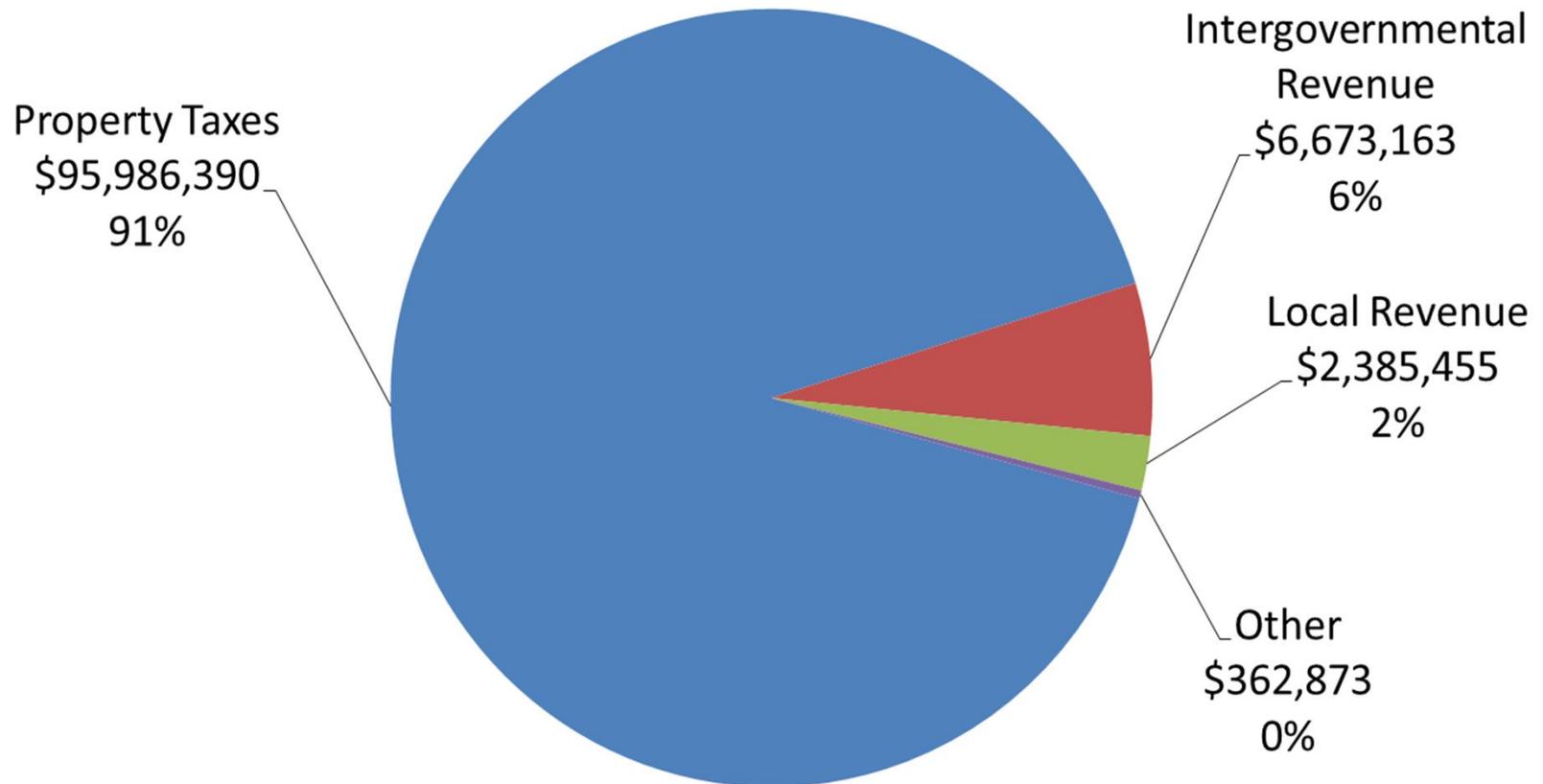
<i>Town</i>	<i>\$23,793,379</i>
<i>BOE</i>	<i>\$73,843,930</i>
<i>Non-Public Schools</i>	<i>\$564,650</i>
<i>Debt Service</i>	<i>\$6,270,881</i>
<i>Capital and CNR Contribution</i>	<i>\$527,208</i>
<i>Inter-Fund Transfers & Contingency</i>	<i>\$407,833</i>
General Fund	\$105,407,881



FY 21/22 Budget Overview – Other Funds

Residential Rental Property Fund	\$48,522
Capital Fund (<i>Town and BOE</i>)	\$48,164,866
Capital & Nonrecurring Fund (<i>Town</i>)	\$1,803,758
Parks & Recreation Special Revenue Fund	\$2,159,666
Water Pollution Control	\$5,374,005
Health Insurance Fund	\$16,759,436

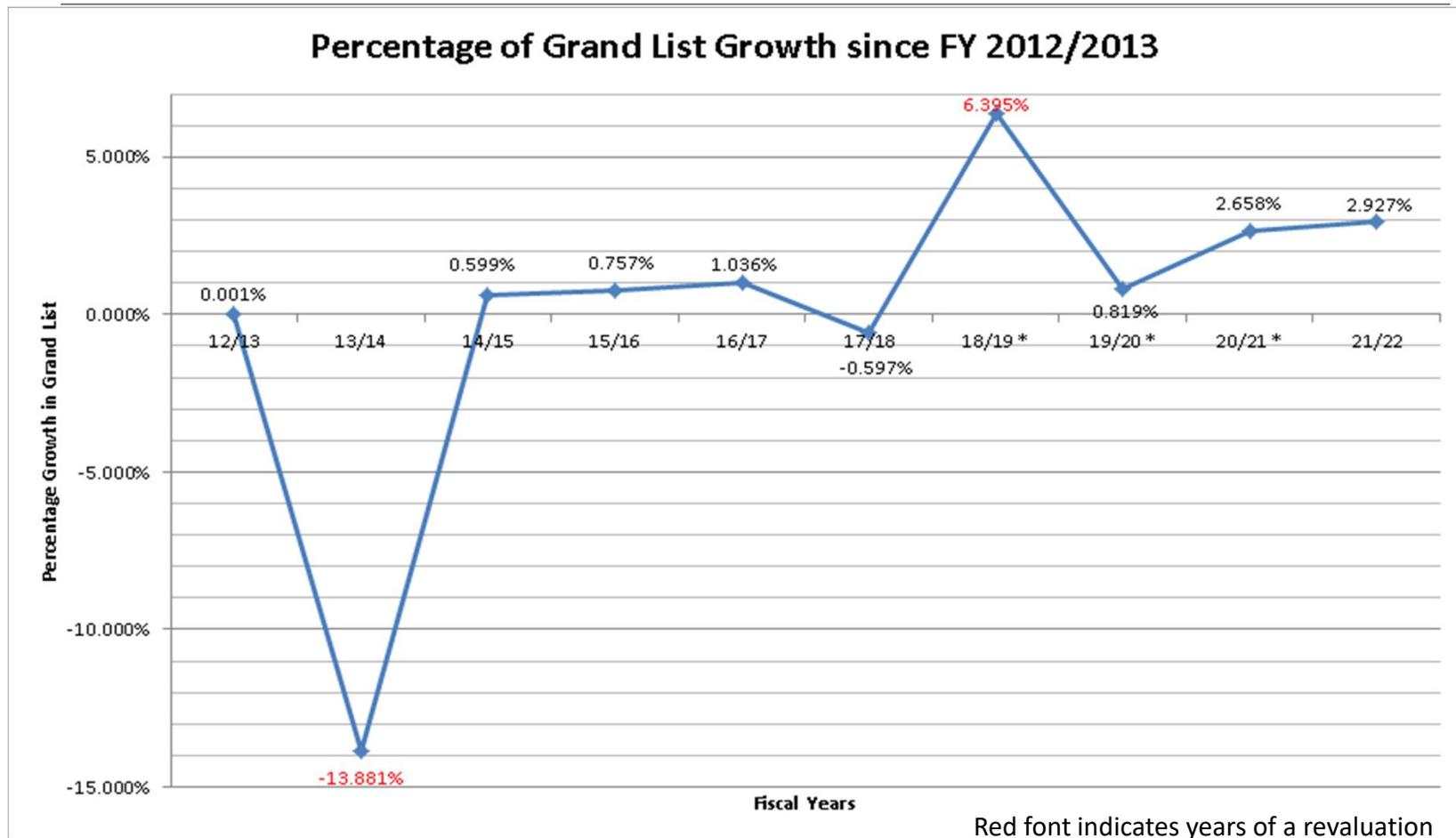
FY 21/22 General Fund Revenues: \$105,407,881



FY 21/22 Revenue Outlook – Grand List

- Grand List increased by 2.94% or \$73,866,123, generating approximately \$2.7M in new revenue
 - Real estate increased by 1.6% or \$34,500,345
 - Motor vehicle increased by 7.2% or \$14,433,617
 - Personal property increased by 21.8% or \$24,932,161
 - These numbers are based on the most recent information available but are subject to change based upon the outcome of assessment appeals

FY 21/22 Revenue Outlook – Grand List



FY 21/22 Revenue Outlook

- Uses a tax collection rate of 98.5%
 - Tax collection revenues remain stable despite the pandemic
- Town Clerk's Offices revenues have increased due to large amounts of homeowners refinancing mortgages due to low interest rates
 - Conveyance Tax 5-year average - \$448,015
 - Budgeted increase of \$50,000 to \$450,000
 - Land Recording Fees 5-year average - \$120,171
 - Budgeted increase of \$10,000 to \$120,000
 - Averages do not include current fiscal year-to-date

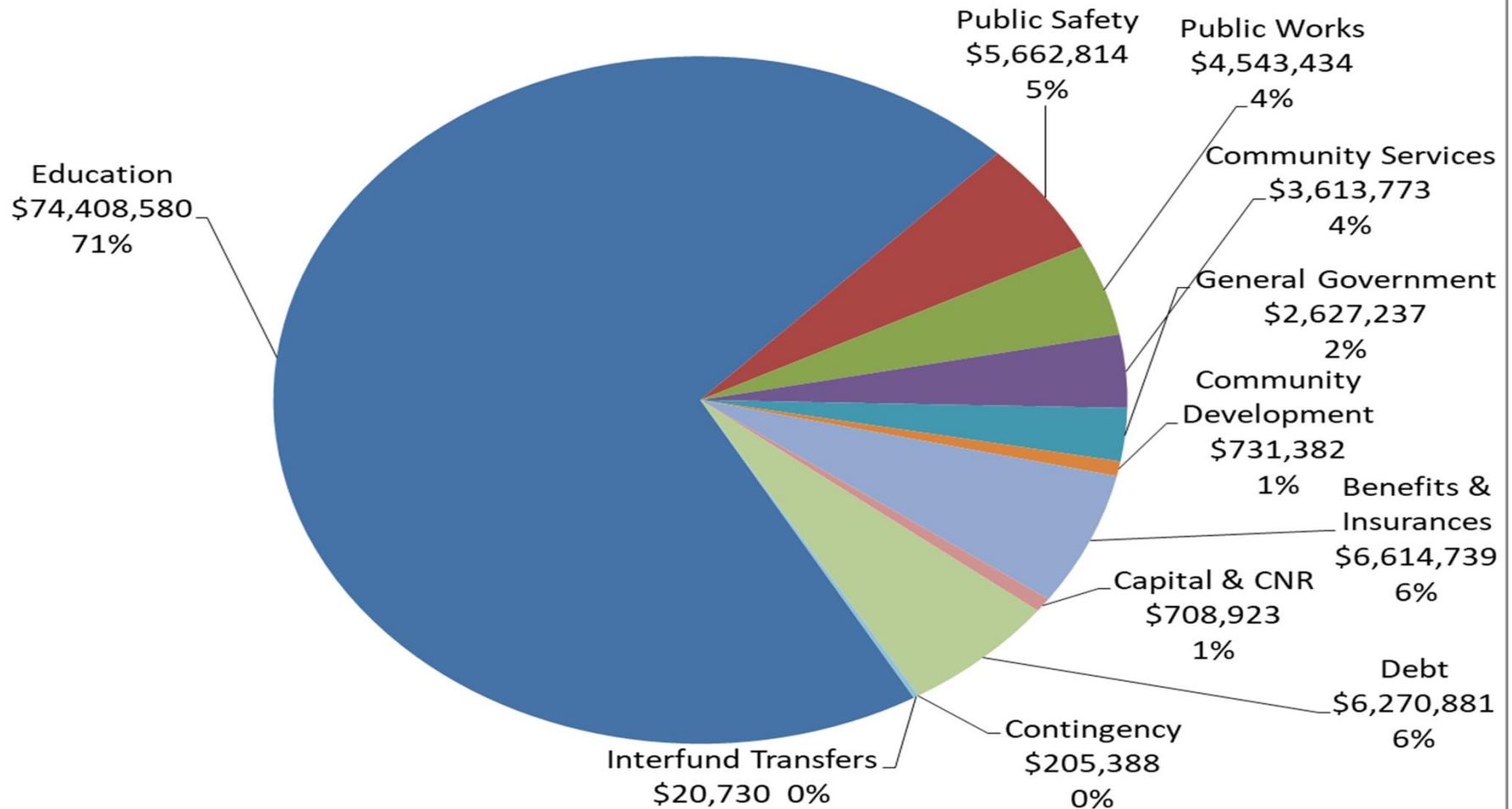
FY 21/22 Revenue Outlook

- Building permit revenues have increased as residential and commercial development remains strong
 - 6 year average - \$793,336
 - Budgeted increase of \$225,000 to \$675,000
 - Average does not include current fiscal year-to-date or Tobacco Valley Solar permit revenue
- Modest revenue losses due to inability to rent facilities for events and gatherings due to the pandemic
 - Estimated loss of \$7,087
- Interest income has decreased by \$350,000 due to interest rates being low

FY 21/22 Revenue Outlook

- Motor vehicles will have the same mill rate as real estate and personal property for FY 21/22
- Utilized Governor's proposed budget for state revenues
 - State revenues remain flat including ECS at \$6,317,010
- Additional pandemic relief funds from the state or federal government are uncertain
 - Tentatively non-entitlement communities in Hartford County (populations less than 50,000) are estimated to receive an aggregate of \$174M passed through to us by the state from the federal government

FY 21/22 General Fund Expenditures: \$105,407,881



FY 21/22 General Fund Expenditures

	FY 20/21	FY 21/22	\$ Increase/ Decrease	% Increase/ Decrease
Town	\$23,214,826	\$23,793,379	\$578,553	2.49%
BOE	\$72,309,061	\$73,843,930	\$1,534,869	2.12%
Non-Public Schools	\$551,383	\$564,650	\$13,267	2.14%
Debt Service	\$5,471,465	\$6,270,881	\$799,416	14.61%
Capital & CNR	\$511,750	\$527,208	\$15,458	3.02%
Interfund Transfers	\$378,061	\$407,833	\$29,772	7.87%
Total	\$102,436,546	\$105,407,881	\$2,971,335	2.90%

FY 21/22 Expenditure Trends

- Debt Service - \$799,416 increase
 - Largest budget driver for third consecutive year
- Salaries
 - Anticipated general wage and step increases -\$305,882
 - Budgeted in contingency and salary line items
- Minimum wage
 - Statutory increase results in a total increase of approximately \$39,163 across all departments
- Pension/OPEB - \$153,852 increase
 - Reflects approximately 0.15% of Town budget increase
 - Budget as proposed does not reflect a change in assumptions

FY 21/22 Expenditure Trends

- Health District - \$15,402 increase
- Legal expenses (labor) – \$25,000 increase
- Cyber Insurance - \$9,364
- AED battery replacements - \$2,400

FY 21/22 Expenditure Trends

- Public Safety - \$98,923 in costs noted below
 - Police Overtime - \$25,000 increase
 - Dispatch Overtime - \$7,000 increase
 - POST certification - \$3,600 increase
 - Cruiser acquisition - \$7,050 increase
 - Equipment/supplies - \$6,515 increase
 - State mandated officer assessments - \$3,600 (new, recurring)
 - Body cameras - \$46,158 (new, recurring)

FY 21/22 Expenditure Trends

- Parks and Recreation - \$67,308 in costs noted below
 - Agriculture supplies - \$9,000 increase
 - Structural issue with existing Athletic Fields Special Revenue Fund
 - Overcharging the Revenue Fund \$58,308
 - Pension - \$30,085
 - LAP insurance - \$2,452
 - WC insurance – \$20,456
 - Phones - \$3,600
 - Medical Equipment Loan Locker utilities - \$1,715

FY 21/22 Expenditure Trends

- \$578,553 (2.49%) increase to Town Government
- \$250,000 decrease would be needed to Town Government to reach Board of Finance 1.50% expenditure increase guidance
 - This would likely result in service reductions and/or or a deviation from existing financial policies and practices (i.e. fund balance, debt service, funding of liabilities)
 - Policy guidance for service reductions from the Board of Selectmen would be needed to achieve Board of Finance guidance

FY 21/22 Service Restorations

- No service restorations or improvements included in proposed budget
- Prioritized service **restoration** requests for consideration (1st priority)
 - Parks facility maintenance technician position -\$96,982
 - Parks professional development for certifications - \$2,500
 - Increased funding for library materials (digital and print content for children) - \$8,000

FY 21/22 Service Improvements

- Prioritized service **improvement** requests for consideration (2nd priority)
 - Police de-escalation training - \$8,000
 - SPIRIT Council data collection and analysis - \$22,000
 - Temporary staffing for the Assessor's Office - \$TBD
 - To generate revenue/new growth
 - Ex: \$9,450 in contracted field inspections yielded \$102,799 in new growth revenue
- Inclusion of all noted service restorations and improvements would have an estimated tax impact of \$12/year on the median valued home and affect the mill rate by 0.05 mills

Board of Selectmen Initiatives

- Financial Management
 - Budget reflects shared Financial Management Services between Town and BOE
 - Provides transition plan funding due to upcoming retirement
 - Restructuring proposal may occur
 - Engaged in long-range capital planning and debt modeling with both Town and BOE
 - Completed Parks and Recreation Revenue Fund Analysis
 - Completed tax dollar utilization and impact on median valued home
 - Financial benchmarking in budget book supplemental tab

Board of Selectmen Initiatives

- Economic Development
 - Main Street Partnership
 - \$50,000, budgeted in existing economic development budget
 - Simsbury Chamber of Commerce
 - \$825, membership dues budgeted in Board of Selectmen budget
 - \$7,500, budgeted in Board of Selectmen budget
 - Business and Career Center (BCC)
 - \$71,245, Librarian budgeted in Library budget
 - \$22,000, digital and print materials for BCC
 - Economic Development Commission
 - \$650, budgeted in boards & commissions budget

Board of Selectmen Initiatives

- Professional Development
 - Continuing education for maintenance of certifications
 - Professional development and annual leadership retreat for mid- and upper-level managers
 - Funds for larger group work and individual training
 - Tuition reimbursement
 - Executive coaching

FY 21/22 Capital Budget Revenues: \$48,145,266¹

Bonds	\$41,581,266	86.4%
Federal or State Grants	\$3,414,000	7.1%
Sewer Use Fund	\$1,350,000	2.8%
Sewer Assessment Fund	\$1,200,000	2.5%
Town Aid Road (TAR)	\$243,500	0.5%
General Fund (cash)	\$200,000	0.4%
LOCIP	\$156,500	0.3%
TOTAL	\$48,185,266	100%

¹Includes education projects



Capital Fund Revenues

- Due to lack of cash capacity, most projects are proposed to be funded through borrowing
 - Exceptions
 - Paving
 - ❖ General Fund operating budget transfer (cash) from Highway budget - \$200,000
 - ❖ LOCIP grant - \$156,500
 - ❖ Town Aid Road - \$243,500
 - Multi-use Trails
 - ❖ LOTCIP grant (north village)- \$810,000
 - Sewer projects through user fees

FY 21/22 Capital Budget Expenditures: \$48,145,266¹

Education	\$37,892,406	78.7%
Sewer (WPCA)	\$5,050,000	10.5%
General Government	\$2,287,860	4.8%
Public Works	\$2,215,000	4.6%
Culture, Parks and Recreation	\$700,000	1.4%
TOTAL	\$48,145,266¹	100%

¹Includes education projects



Capital Fund Projects (Town)

- WPCA
 - Sewer Lining - \$600,000
 - Berm improvements - \$3,250,000
 - Woodland/Hopmeadow St Sewer Upgrade - \$1,200,000
- General Government
 - Meadowood acquisition - \$2,287,860

Capital Fund Projects (Town)

- Public Works
 - Pavement of roads - \$1,205,000
 - Sidewalk reconstruction - \$200,000
 - North End sidewalk construction - \$810,000
- Culture, Parks and Recreation
 - Performing Arts Center parking improvements - \$700,000

FY 21/22 CNR Budget Revenues: \$1,803,758¹

General Fund (Cash)	\$865,258	48.0%
Town Aid Road	\$373,500	20.7%
Capital Reserve Fund	\$314,000	17.4%
Sewer Use Fund	\$95,000	5.3%
Federal/State Grants	\$51,200	2.8%
Golf Equipment Fund	\$40,000	2.2%
Project Savings	\$27,000	1.5%
Vehicle Trade-In	\$25,000	1.4%
Dial-A-Ride Fund	\$12,800	0.7%
TOTAL	\$1,803,758	100%

¹Does not include education projects



CNR Fund Revenues

- Utilizes \$416,250 five-year payback method (General Fund cash)
- Includes \$110,000 cash for capital from the General Fund
 - Level funded from prior year
- Includes \$180,000 operating budget transfer from Highway budget for Public Works truck (General Fund cash)
- Includes \$148,050 operating budget transfer from Police budget for cruisers (General Fund cash)

CNR Fund Revenues

- Includes \$314,000 cash for capital from the Capital Fund reserves
 - Reduces borrowing; provides more cash capacity in out years
 - Proposed uses replaces dated and end of life play scape, equipment, and irrigation systems
 - Utilization of these funds would leave an estimated \$1,678,102 in the Capital Reserve for future capital needs
 - Viewed more favorably than using General Fund reserves on operating or as mill rate relief

FY 21/22 CNR Fund Budget Expenditures: \$1,803,758¹

Public Works/Engineering	\$651,000	36.1%
Culture, Parks and Recreation	\$618,000	34.3%
Police	\$240,208	13.3%
General Government	\$193,790	10.7%
Sewer (WPCA)	\$95,000	5.3%
Library	\$5,760	0.3%
TOTAL	\$1,803,758¹	100%

¹Does not include education projects



CNR Fund Projects (Town)

- Public Works/Engineering - \$651,00
 - Front End Loader - \$200,000
 - Truck Replacement - \$180,000
 - Highway Wood Chipper - \$108,000
 - One-Ton Dump Truck (Crew Leader) - \$50,000
 - **One-Ton Pickup (Superintendent) - \$45,000**
 - Traffic Calming (W. Mountain/Notch Rd) - \$30,000
 - Plow blades - \$28,000
 - Material Recycling - \$10,000
- *Note: Blue font for CNR projects reflect payback method of funding*

CNR Fund Projects (Town)

- Culture, Parks & Recreation - \$618,000
 - Simsbury Farms playscape replacement - \$200,000
 - Ice Rink chiller replacement- \$120,000
 - Rotary mower replacement - \$74,000
 - Irrigation Replacement (Memorial Field) - \$40,000
 - Clubhouse repair work - \$35,000
 - Bunker rake for golf course - \$27,000
 - Playscapes/Playground refurbishments - \$25,000
 - Parks grounds utility vehicle replacement - \$25,000
 - Park entrance signs replacement - \$16,000
 - Parks maintenance software - \$15,000
 - Utility vehicle (golf course) - \$13,000

CNR Fund Projects (Town)

- Culture, Parks & Recreation - continued
 - Shultz Park gazebo roof replacement - \$10,000
 - Simsbury Meadows electrical repairs/upgrades - \$10,000
 - Equipment trailer replacement - \$8,000
- Police - \$240,208
 - 3 replacement patrol cruisers - \$148,050
 - 1 administrative vehicle - \$46,000
 - Body worn cameras and car cameras - \$46,158
- Library - \$5,760
 - Computer replacements (public terminals) - \$5,760

CNR Fund Projects (Town)

- General Government - \$193,790
 - Dial-A-Ride Van - \$64,000
 - 2022 revaluation - \$60,000
 - Computer replacements (staff) - \$30,240
 - Microsoft Office upgrade - \$17,550
 - Email spam filter and archiving - \$12,000
 - Radio system maintenance/repairs- \$10,000
- Sewer - \$95,000
 - Tunxis pump station rehabilitation - \$50,000
 - Vehicle replacement - \$45,000

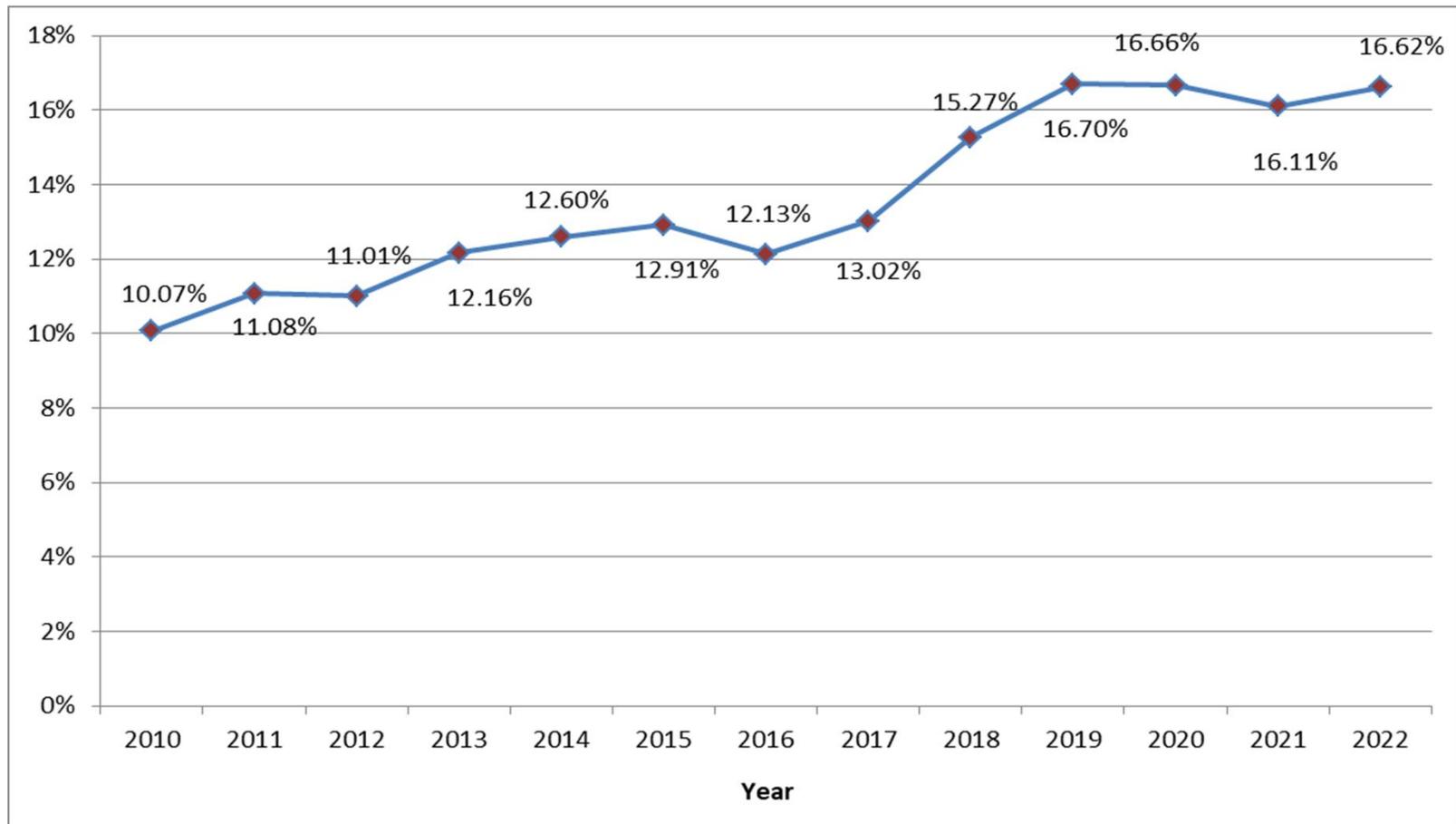
Capital & Debt Service Budget Model

- As little-to-no cash for capital is available, we may need to bond for smaller value and routine capital needs that should not be bonded for
 - This creates a cycle of bonding for all capital needs and not being able to pay for baseline capital needs in cash, creating more expense to the Town in the long run
- Recommend continuing to build our capital reserve with funds from capital project close-outs and year-end savings when available
- Continue to quantify our baseline capital needs
 - Capital and debt modeling now includes CNR needs (items under \$250,000 in value)

Fund Balance

- Projected Fund Balance contribution of \$882,549
 - Difference between budgeted tax collection rate of 98.5% and anticipated tax collection rate of 99.5%
- Projected Fund Balance
 - 20/21 year-end projected to be 16.11%
 - 21/22 year-end projected to be 16.62%
- Since the state's financial crisis has occurred, bond rating agencies are now recommending Fund Balance be 15-17% of General Fund expenditures

Fund Balance - % of Expenditures



Impact on Taxpayer

Sample Tax Impact

On a Median Valued Single Family Home

Current Valuation	\$214,000 ¹
Proposed Taxes (37.26 mills)	\$ 7,973
Current Taxes (37.09 mills)	<u>\$ 7,937</u>
Increase	\$36.00
Percentage Change	0.45%

Based on Manager's proposed budget mill rate increases from 37.09* mills to 37.26 mills

**mills does not include Fire District*

¹Median single family home price, 100% of assessed value is \$306,000. \$214,000 reflects 70% of assessed value.

Where do the Tax Dollars Go?

Education	\$74,408,580	71%
Benefits & Insurances	\$6,614,739	6%
Debt Service	\$6,270,881	6%
Public Safety	\$5,662,814	5%
Public Works	\$4,543,434	4%
Community Services	\$3,613,773	3%
General Government	\$2,647,967	2%
Capital and CNR	\$708,923	1%
Community Development	\$731,382	1%
Contingency	\$205,388	0%
TOTAL	\$105,407,881	100%

Budget Summary

- Highlights
 - Funds current services and programs
 - Adapts to our current pandemic environment
 - Minimizes tax increases while pandemic continues
 - Invests in existing infrastructure and assets, utilizing cash-for-capital for routine and ongoing needs to the extent possible
 - Advances Board of Selectmen initiatives such as financial management, professional development, parks and recreation, infrastructure, and economic development

Budget Summary

- Suggested topics for further discussion
 - Outside agency funding requests
 - Service restorations and improvements
 - Pension and OPEB Trust interest rate assumptions, new mortality tables, and the amortization period
 - Possible use of the Capital Fund reserve to fund ongoing and routine capital needs in cash

Budget Summary

- Suggested future areas of focus
 - Continue to monitor state budget/intergovernmental revenue
 - Focus on cash-to-capital for ongoing and routine capital needs; complete a town-wide facilities master plan
 - Gradually build up the Town's contribution to the Parks and Recreation Special Revenue Fund
 - Evaluate the feasibility of implementing Engineering permit fees, with revenues funding contracted inspection services of utility work impacting our infrastructure

Budget Workshops

- 3/2, 5pm – BOE capital budget
- 3/6, 9am-4pm – all other budgets

Board members are encouraged to:

- ✓ Flag items for further discussion
- ✓ Ask questions
 - When possible, send questions to the Town Manager in advance of the workshop (helps to expedite responses)

Budget Dates

Town Manager budget presentation to Board of Selectmen	February 22, 2021
Board of Selectmen budget workshops	March 2 & 6, 2021
Board of Selectmen budget adoption	March 8, 2021
Board of Education budget presentation to Board of Finance	March 9, 2021
Board of Selectmen budget presentation to Board of Finance	March 16, 2021
Board of Finance public hearing on the budget <i>Must be published in newspaper by March 30</i>	April 6, 2021
(Anticipated) Board of Finance hearing continuation and budget approval <i>Budget filed with Town Clerk by April 30</i>	April 20, 2021
Anticipated budget referendum	May 18, 2021
<i>Dates and Times Subject to Revision</i>	

